

COPY – Submitted to HUD by the Iowa Finance Authority – Received May 14, 2002

May 14, 2002

Rusty Bennett
Program Officer
Office of HIV/AIDS Housing
Office of Community Planning and Development
U.S. Department of Housing and Urban Development
451 Seventh St SW. Room 7212
Washington. DC 20410-7000

Subject: 2001 HOPWA New Project Grant # IA-HO1-0026
Working Capital Advance

Dear Mr. Bennett:

Iowa Finance Authority is the Grantee of the new Iowa 2001 HOPWA Long Term Comprehensive Strategy Grant. Iowa Finance Authority, partners and project sponsors received HOPWA Rental Assistance Training that was sponsored by AIDS Housing of Washington and conducted by Randy Russell of R2 Solutions on February 25-27, 2002. During this training it was discussed that the Sponsors, of which most are AIDS service organizations and all are non-profits, do not have the funds available to start the short-term and long-term rental assistance program and that waiting for reimbursements would create a financial hardship on their organizations. Randy Russell acknowledged that this was a problem many new HOPWA programs have faced and that they have been able to receive grant funds to start their HOPWA rental programs. On April 2, 2002 we had our HOPWA Start Up Conference with the Omaha Field Office and asked about establishing a starting balance for the Sponsors to initiate their short-term and long-term rental assistance programs. The HUD Omaha Field Office stated that they were not aware of this procedure and asked that we provide additional information on where in the HOPWA regulations this procedure is allowed. As we were unable to find this specific topic addressed in HOPWA regulations, we dropped the issue with the Omaha Field Office and have been unsuccessful in finding another alternative to allow the Sponsors to begin their rental assistance programs.

On May 13, 2002 we received additional training from AIDS Housing of Washington and again the issue of the Sponsors not having the financial resources to start their rental assistance program was discussed. Mariah Ybarra of AIDS Housing of Washington stated in the training that some Grantees and jurisdictions have been allowed to provide working capital advances to their Sponsors for administering short-term and long-term HOPWA rental assistance. She said this is due to tight cash flows with many non-profits who are unable to front rental assistance funds to clients and wait for reimbursement from the Grantee, who must make the draw from HUD. This is the same situation that we are facing as we attempt to start the Iowa program.

We are asking for your guidance on this working capital advance issue. Could you please confirm that the precedence has been set in establishing working capital advances for new HOPWA programs and in what locations? Since this is a new program for both the Iowa Finance Authority and the Omaha Field Office, how should we proceed with the Field Office on this matter?

We are ready to start offering assistance to clients, but we need to resolve this final issue of a working capital advance for the Sponsors. It is critical to the future of the HOPWA program in Iowa that this issued be resolved in a timely manner. If you have any questions or require additional information, please contact me at (515) 281-4003 or tracy_scebold@ifa_state_ia_us.

Sincerely,

[Signed: May 14, 2002]

Tracy Scebold
Housing Allocation Manager

CC: Mariah Ybarra, AIDS Housing of Washington